

**NESS COUNTY, KANSAS**

Ness City, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2008

**NESS COUNTY, KANSAS**  
Financial Statements with Independent Auditors' Report  
For the Year Ended December 31, 2008

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
**Ness County, Kansas**  
Ness City, KS 67560

We have audited the accompanying financial statements of **Ness County, Kansas**, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of **Ness County, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Ness County, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Ness County, Kansas**, as of December 31, 2008, or changes in financial position for the year then ended. Further, **Ness County, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Ness County, Kansas**, as of December 31, 2008, their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

ADAMS, BROWN, BERAN & BALL, CHTD.  
Certified Public Accountants

August 24, 2009

**NESS COUNTY, KANSAS**  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2008

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Fund Categories</b>							
<b>General Fund</b>	\$ 853,295	-	1,672,748	1,618,617	907,426	113,160	1,020,586
<b>Special Revenue Funds</b>							
Road and Bridge Fund	103,143	90	1,808,676	1,860,839	51,070	72,235	123,305
Special Highway Improvement Fund	7,421	-	-	6,022	1,399	-	1,399
Special Machinery Fund	430,775	-	150,000	339,980	240,795	61,000	301,795
Noxious Weed Fund	60,393	-	581,790	545,186	96,997	26,395	123,392
Noxious Weed Capital Outlay Fund	6,592	-	10,000	-	16,592	-	16,592
Health Fund	55,102	-	145,237	104,861	95,478	2,183	97,661
Appraiser's Cost Fund	29,502	-	115,577	104,774	40,305	1,830	42,135
Special Bridge Fund	47,000	-	-	34,900	12,100	34,900	47,000
Employee Benefit Fund	50,168	-	305,443	334,294	21,317	3,922	25,239
Ambulance Service Fund	55,366	-	65,959	63,080	58,245	-	58,245
Special Alcohol Fund	7,748	-	1,220	2,853	6,115	-	6,115
911 Tax Fund	20,625	-	17,709	26,365	11,969	-	11,969
E-911 Tax Fund	(24,481)	-	68,775	29,850	14,444	12,500	26,944
Register of Deeds Technology Fund	17,399	-	11,236	19,364	9,271	-	9,271
Micro Loan Fund	6,147	-	11,448	1,712	15,883	-	15,883
<b>Proprietary Fund Category</b>							
<b>Enterprise Funds</b>							
Solid Waste Fund	61,799	-	209,048	200,434	70,413	2,689	73,102
Solid Waste - Post Closure Fund	49,470	-	10,000	-	59,470	-	59,470
<b>Fiduciary Fund Category</b>							
<b>Private Purpose Trust Funds</b>							
Prosecuting Attorney's Training Fund	2,354	-	499	-	2,853	-	2,853
Special Motor Vehicle Tax Fund	-	-	43,597	43,597	-	-	-
Law Enforcement Trust Fund	792	-	-	-	792	-	792
<b>Total Reporting Entity (Excluding Distributable Funds, State Funds, Subdivision Funds and Agency Funds)</b>	\$ 1,840,610	90	5,228,962	5,336,728	1,732,934	330,814	2,063,748
<b>Composition of Cash:</b>							
							\$ 1,900,000
Certificates of Deposits							6,641,197
Checking Accounts							7,954
Cash on Hand							8,549,151
Total Cash							(6,485,403)
Per Statement 4-1 and 4-2							
Total Reporting Entity							\$ 2,063,748
(Excluding Agency Funds)							

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
Summary of Expenditures - Actual and Budget  
For the Year Ended December 31, 2008

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
<b>Governmental Fund Categories</b>					
General Fund	\$ 1,745,086	-	1,745,086	1,618,617	126,469
<b>Special Revenue Funds</b>					
Road and Bridge Fund	1,830,379	64,495	1,894,874	1,860,839	34,035
Noxious Weed Fund	358,843	234,431	593,274	545,186	48,088
Noxious Weed Capital Outlay Fund	13,092	-	13,092	-	13,092
Health Fund	174,717	-	174,717	104,861	69,856
Appraiser's Cost Fund	139,302	-	139,302	104,774	34,528
Employee Benefit Fund	318,000	1,007	319,007	334,294	(15,287)
Ambulance Service Fund	115,500	-	115,500	63,080	52,420
Special Alcohol Fund	7,689	-	7,689	2,853	4,836
<b>Proprietary Fund Category</b>					
Enterprise Fund					
Solid Waste Fund	200,801	-	200,801	200,434	367

## NESS COUNTY, KANSAS

## General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 1,345,293	1,399,674	1,328,837	70,837
Federal Aid	16,714	17,788	-	17,788
Licenses and Fees	71,760	52,551	20,000	32,551
Use of Money and Property	154,685	132,060	27,100	104,960
Tax Sale Fees	-	8,262	-	8,262
Reimbursements	7,791	22,731	-	22,731
Miscellaneous	26,230	39,682	5,000	34,682
<b>Total Cash Receipts</b>	<u>1,622,473</u>	<u>1,672,748</u>	<u>1,380,937</u>	<u>291,811</u>
<b>Expenditures</b>				
County Commissioners	89,361	101,502	101,386	(116)
County Clerk	94,260	102,468	104,541	2,073
County Treasurer	106,879	109,623	106,374	(3,249)
County Attorney	57,648	57,625	64,604	6,979
Register of Deeds	49,541	56,772	55,983	(789)
Sheriff	538,310	620,050	613,712	(6,338)
Less Reimbursed Expenses	(125,000)	(129,583)	(130,000)	(417)
Courthouse General	258,055	374,191	419,570	45,379
Unified Courts	44,558	47,977	59,892	11,915
Maintenance Engineer	30,088	35,295	33,751	(1,544)
Economic Development	55,367	54,932	54,893	(39)
Emergency Preparedness	23,722	11,091	6,350	(4,741)
Election	15,124	27,016	42,400	15,384
Soil Conservation	18,000	18,000	18,000	-
Mental Health	18,000	18,000	18,000	-
Mental Retardation	16,500	17,000	17,000	-
Senior Citizens	44,706	46,776	46,776	-
Parks and Recreation	1,000	1,000	-	(1,000)
County Fair	9,000	10,000	10,000	-
Historical Society	4,000	4,000	4,000	-
Airport	40,323	31,854	31,854	-
Ness County Law Library	1,505	3,028	-	(3,028)
<b>Total Expenditures Carried Forward</b>	<u>\$ 1,390,947</u>	<u>1,618,617</u>	<u>1,679,086</u>	<u>60,469</u>

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

		Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
			Actual	Budget	
<b>Total Expenditures Brought Forward</b>	\$	1,390,947	<b>1,618,617</b>	1,679,086	60,469
Juvenile Detention		-	-	1,000	1,000
Solid Waste Expenditures		-	-	65,000	65,000
<b>Total Expenditures</b>		<u>1,390,947</u>	<u><b>1,618,617</b></u>	<u>1,745,086</u>	<u>126,469</u>
<b>Receipts Over (Under) Expenditures</b>		231,526	<b>54,131</b>		
<b>Unencumbered Cash, January 1</b>		<u>621,769</u>	<u><b>853,295</b></u>		
<b>Unencumbered Cash, December 31</b>	\$	<u><u>853,295</u></u>	<u><u><b>907,426</b></u></u>		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Road and Bridge Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 1,342,463	1,268,823	1,317,587	(48,764)
Intergovernmental	340,312	330,102	332,031	(1,929)
FEMA Reimbursements	-	120,005	150,000	(29,995)
Reimbursements - Bridge Damage	3,410	64,495	-	64,495
Miscellaneous	21,347	25,251	5,000	20,251
<b>Total Cash Receipts</b>	1,707,532	1,808,676	1,804,618	4,058
<b>Expenditures</b>				
Personal Services	835,702	895,456	937,129	41,673
Contractual Services	558,195	670,804	503,600	(167,204)
Commodities	43,513	43,387	56,650	13,263
Capital Outlay	50,631	101,192	143,000	41,808
Transfers Out	190,000	150,000	190,000	40,000
(a) Budget Credit	-	-	64,495	64,495
<b>Total Expenditures</b>	1,678,041	1,860,839	1,894,874	34,035
<b>Receipts Over (Under) Expenditures</b>	29,491	(52,163)		
<b>Unencumbered Cash, January 1</b>	73,652	103,143		
<b>Prior Year Cancelled Encumbrances</b>	-	90		
<b>Unencumbered Cash, December 31</b>	\$ 103,143	51,070		
<b>(a) Budget Credit</b>				
Excess Reimbursements Over Amount Budgeted		\$ 64,495		

The notes to the financial statements are an integral part of this statement.



**NESS COUNTY, KANSAS**  
**Special Highway Improvement Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Expenditures</b>		
Contractual Services	\$ 378	6,022
<b>Unencumbered Cash, January 1</b>	<u>7,799</u>	<u>7,421</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 7,421</u>	<u>1,399</u>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Machinery Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 190,000	150,000
<b>Expenditures</b>		
Capital Outlay	307,196	339,980
<b>Receipts Over (Under) Expenditures</b>	(117,196)	(189,980)
<b>Unencumbered Cash, January 1</b>	547,971	430,775
<b>Unencumbered Cash, December 31</b>	\$ 430,775	240,795

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Noxious Weed Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 166,841	174,808	181,079	(6,271)
Chemical Sales and Treatment	365,249	386,781	164,500	222,281
State Aid	10,989	12,150	-	12,150
Miscellaneous	89	8,051	-	8,051
<b>Total Cash Receipts</b>	543,168	581,790	345,579	236,211
<b>Expenditures</b>				
Personal Services	49,840	48,455	76,783	28,328
Contractual Services	12,047	10,488	12,590	2,102
Commodities	435,081	476,243	266,470	(209,773)
Capital Outlay	8,500	-	-	-
Transfers Out	6,000	10,000	3,000	(7,000)
(a) Budget Credit	-	-	234,431	234,431
<b>Total Expenditures</b>	511,468	545,186	593,274	48,088
<b>Receipts Over (Under) Expenditures</b>	31,700	36,604		
<b>Unencumbered Cash, January 1</b>	28,693	60,393		
<b>Unencumbered Cash, December 31</b>	\$ 60,393	96,997		
<b>(a) Budget Credit</b>				
Excess Chemical Sales Over Amount Budgeted		\$ 222,281		
Excess State Aid Over Amount Budgeted		12,150		
<b>Total Budget Credit</b>		\$ 234,431		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Noxious Weed Capital Outlay Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 6,000	10,000	3,000	7,000
<b>Expenditures</b>				
Capital Outlay	9,500	-	13,092	13,092
<b>Receipts Over (Under) Expenditures</b>	(3,500)	10,000		
<b>Unencumbered Cash, January 1</b>	10,092	6,592		
<b>Unencumbered Cash, December 31</b>	\$ 6,592	16,592		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Health Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 110,619	124,071	128,384	(4,313)
Intergovernmental	9,663	17,277	6,750	10,527
Collections	10,941	3,889	-	3,889
Transfers In	184	-	-	-
<b>Total Cash Receipts</b>	131,407	145,237	135,134	10,103
<b>Expenditures</b>				
Personal Services	116,096	71,046	149,267	78,221
Contractual Services	11,734	24,343	12,500	(11,843)
Commodities	11,132	8,085	11,450	3,365
Capital Outlay	10,084	1,387	1,500	113
Transfers Out	2,682	-	-	-
<b>Total Expenditures</b>	151,728	104,861	174,717	69,856
<b>Receipts Over (Under) Expenditures</b>	(20,321)	40,376		
<b>Unencumbered Cash, January 1</b>	75,423	55,102		
<b>Unencumbered Cash, December 31</b>	\$ 55,102	95,478		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Pan Flu Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Pan Flu Grant	\$ 4,561	-
<b>Expenditures</b>		
Personal Services	2,963	-
Commodities	188	-
Capital Outlay	1,226	-
Transfers Out	184	-
<b>Total Expenditures</b>	4,561	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, January 1</b>	-	-
<b>Unencumbered Cash, December 31</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Appraiser's Cost Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 106,427	114,228	118,820	(4,592)
Miscellaneous	2,269	1,349	-	1,349
<b>Total Cash Receipts</b>	108,696	115,577	118,820	(3,243)
<b>Expenditures</b>				
Personal Services	65,500	46,886	92,002	45,116
Contractual Services	23,533	51,165	8,350	(42,815)
Commodities	2,614	4,868	3,700	(1,168)
Capital Outlay	-	1,855	35,250	33,395
<b>Total Expenditures</b>	91,647	104,774	139,302	34,528
<b>Receipts Over (Under) Expenditures</b>	17,049	10,803		
<b>Unencumbered Cash, January 1</b>	12,453	29,502		
<b>Unencumbered Cash, December 31</b>	\$ 29,502	40,305		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Bridge Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ -	-
<b>Expenditures</b>		
Capital Outlay	-	34,900
<b>Receipts Over (Under) Expenditures</b>	-	(34,900)
<b>Unencumbered Cash, January 1</b>	47,000	47,000
<b>Unencumbered Cash, December 31</b>	\$ 47,000	12,100

The notes to the financial statements are an integral part of this statement.



**NESS COUNTY, KANSAS**  
**Employee Benefit Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 295,707	<b>304,436</b>	317,332	(12,896)
Refunds	2,145	<b>1,007</b>	-	1,007
<b>Total Cash Receipts</b>	<u>297,852</u>	<u><b>305,443</b></u>	<u>317,332</u>	<u>(11,889)</u>
<b>Expenditures</b>				
Social Security	105,541	<b>110,820</b>	119,000	8,180
Employee Retirement	88,992	<b>107,201</b>	94,000	(13,201)
Workmen's Compensation Insurance	62,825	<b>111,744</b>	95,000	(16,744)
Unemployment Insurance	6,146	<b>4,529</b>	10,000	5,471
(a) Budget Credit	-	-	1,007	1,007
<b>Total Expenditures</b>	<u>263,504</u>	<u><b>334,294</b></u>	<u>319,007</u>	<u>(15,287)</u>
<b>Receipts Over (Under) Expenditures</b>	34,348	<b>(28,851)</b>		
<b>Unencumbered Cash, January 1</b>	<u>15,820</u>	<u><b>50,168</b></u>		
<b>Unencumbered Cash, December 31</b>	\$ <u>50,168</u>	<u><b>21,317</b></u>		
<b>(a) Budget Credit</b>				
Excess Refunds Over				
Amount Budgeted		\$ <u><b>1,007</b></u>		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Ambulance Service Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2008  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 91,905	<b>65,959</b>	69,079	(3,120)
<b>Expenditures</b>				
Contractual Services	38,669	<b>50,731</b>	52,000	1,269
Commodities	1,327	<b>1,182</b>	3,500	2,318
Capital Outlay	10,125	<b>11,167</b>	60,000	48,833
<b>Total Expenditures</b>	50,121	<b>63,080</b>	115,500	52,420
<b>Receipts Over (Under) Expenditures</b>	41,784	<b>2,879</b>		
<b>Unencumbered Cash, January 1</b>	13,582	<b>55,366</b>		
<b>Unencumbered Cash, December 31</b>	\$ 55,366	<b>58,245</b>		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Special Alcohol Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2008

(With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental	\$ 1,667	1,220	872	348
<b>Expenditures</b>				
Contractual Services	600	2,853	7,689	4,836
<b>Receipts Over (Under) Expenditures</b>	1,067	(1,633)		
<b>Unencumbered Cash, January 1</b>	6,681	7,748		
<b>Unencumbered Cash, December 31</b>	\$ 7,748	6,115		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Bio-Terrorism Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Federal Grant	\$ 10,135	-
Transfers In	2,682	-
<b>Total Cash Receipts</b>	12,817	-
<b>Expenditures</b>		
Personal Services	6,071	-
Contractual Services	4,298	-
Commodities	1,426	-
Capital Outlay	1,306	-
<b>Total Expenditures</b>	13,101	-
<b>Receipts Over (Under) Expenditures</b>	(284)	-
<b>Unencumbered Cash, January 1</b>	284	-
<b>Unencumbered Cash, December 31</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**911 Tax Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Collections	\$ 18,045	17,709
<b>Expenditures</b>		
Contractual Services	13,178	25,225
Capital Outlay	22,650	1,140
<b>Total Expenditures</b>	35,828	26,365
<b>Receipts Over (Under) Expenditures</b>	(17,783)	(8,656)
<b>Unencumbered Cash, January 1</b>	38,408	20,625
<b>Unencumbered Cash, December 31</b>	\$ 20,625	11,969

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**E-911 Tax Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
	<hr/>	<hr/>
<b>Cash Receipts</b>		
Grants	\$ 143,517	66,211
Collections	7,095	2,564
	<hr/>	<hr/>
<b>Total Cash Receipts</b>	150,612	68,775
<b>Expenditures</b>		
Local E-911	191,913	29,850
	<hr/>	<hr/>
<b>Receipts Over (Under) Expenditures</b>	(41,301)	38,925
<b>Unencumbered Cash, January 1</b>	16,820	(24,481)
	<hr/>	<hr/>
<b>Unencumbered Cash, December 31</b>	\$ (24,481)	14,444
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Register of Deeds Technology Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Cash Receipts</b>		
Collections	\$ 11,820	11,236
<b>Expenditures</b>		
Capital Outlay	<u>15,183</u>	<u>19,364</u>
<b>Receipts Over (Under) Expenditures</b>	(3,363)	(8,128)
<b>Unencumbered Cash, January 1</b>	<u>20,762</u>	<u>17,399</u>
<b>Unencumbered Cash, December 31</b>	\$ <u><u>17,399</u></u>	<u><u>9,271</u></u>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Micro Loan Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
State Grants	\$ 41,200	2,237
Micro Loan Repayments	4,522	9,211
Matching Funds	2,000	-
<b>Total Cash Receipts</b>	<u>47,722</u>	<u>11,448</u>
<b>Expenditures</b>		
Contractual Services	2,009	1,712
Loans Granted	43,220	-
<b>Total Expenditures</b>	<u>45,229</u>	<u>1,712</u>
<b>Receipts Over (Under) Expenditures</b>	2,493	9,736
<b>Unencumbered Cash, January 1</b>	<u>3,654</u>	<u>6,147</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 6,147</u>	<u>15,883</u>

The notes to the financial statements are an integral part of this statement.



**NESS COUNTY, KANSAS**  
**Solid Waste Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Favorable (Unfavorable)
<b>Cash Receipts</b>				
Disposal Fees	\$ 210,647	209,010	200,000	9,010
Intergovernmental	17,537	38	-	38
<b>Total Cash Receipts</b>	228,184	209,048	200,000	9,048
<b>Expenditures</b>				
Personal Services	35,178	39,212	35,978	(3,234)
Contractual Services	116,879	124,093	83,423	(40,670)
Commodities	10,384	27,129	20,400	(6,729)
Capital Outlay	13,745	-	51,000	51,000
Transfers Out	-	10,000	10,000	-
<b>Total Expenditures</b>	176,186	200,434	200,801	367
<b>Receipts Over (Under) Expenditures</b>	51,998	8,614		
<b>Unencumbered Cash, January 1</b>	9,801	61,799		
<b>Unencumbered Cash, December 31</b>	\$ 61,799	70,413		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Solid Waste - Post Closure Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ -	10,000	10,000	-
<b>Receipts Over (Under) Expenditures</b>	-	10,000		
<b>Unencumbered Cash, January 1</b>	49,470	49,470		
<b>Unencumbered Cash, December 31</b>	\$ 49,470	59,470		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Prosecuting Attorney's Training Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Collections	\$ 433	499
<b>Expenditures</b>		
Commodities	90	-
<b>Receipts Over (Under) Expenditures</b>	343	499
<b>Unencumbered Cash, January 1</b>	2,011	2,354
<b>Unencumbered Cash, December 31</b>	\$ 2,354	2,853

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Motor Vehicle Tax Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
<b>Cash Receipts</b>		
Collections	\$ 42,879	43,597
 <b>Expenditures</b>		
Commodities	<u>42,879</u>	<u>43,597</u>
 <b>Receipts Over (Under) Expenditures</b>	-	-
 <b>Unencumbered Cash, January 1</b>	<u>-</u>	<u>-</u>
 <b>Unencumbered Cash, December 31</b>	\$ <u><u>-</u></u>	<u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Law Enforcement Trust Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2008  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2007)

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	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
<b>Cash Receipts</b>		
Collections	\$           -	-
<b>Unencumbered Cash, January 1</b>	<u>          792</u>	<u>          792</u>
<b>Unencumbered Cash, December 31</b>	\$ <u>          792</u>	<u>          792</u>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Distributable Funds, State Funds, and Subdivision Funds**  
 Summary of Cash Receipts and Cash Disbursements  
 For the Year Ended December 31, 2008

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
<b>Distributable Funds -</b>				
Severance Tax	\$ -	256,598	256,598	-
Advance Tax	-	525	525	-
Current Tax	5,366,840	8,730,232	7,716,244	<b>6,380,828</b>
Delinquent Property Taxes	23,019	78,399	96,204	<b>5,214</b>
Motor Vehicle Tax	57,143	552,951	555,828	<b>54,266</b>
<b>Total Distributable Funds</b>	<b>\$ 5,447,002</b>	<b>9,618,705</b>	<b>8,625,399</b>	<b>6,440,308</b>
<b>State Funds -</b>				
State General	\$ -	28	28	-
State Institutional Building	-	32,018	32,018	-
State Educational Building	-	64,036	64,036	-
<b>Total State Funds</b>	<b>\$ -</b>	<b>96,082</b>	<b>96,082</b>	<b>-</b>
<b>Subdivision Funds -</b>				
Cities	\$ -	556,936	556,936	-
Townships	-	128,711	128,711	-
School Districts	-	2,363,625	2,363,625	-
Hospitals	-	1,478,048	1,478,048	-
Other Special Districts	-	402,608	402,608	-
<b>Total Subdivision Funds</b>	<b>\$ -</b>	<b>4,929,928</b>	<b>4,929,928</b>	<b>-</b>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Agency Funds**  
Summary of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2008

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Sales Tax	\$ 5,528	516,744	516,491	5,781
Driver's Licenses	-	4,298	4,298	-
Fish and Game Licenses	-	13,823	13,823	-
Heritage Trust Fund	74	658	613	119
Unclaimed Legacy Fund	13,192	-	-	13,192
Concealed Carried Handgun Fund	600	400	-	1,000
Sex Offender Registry Fund	160	240	-	400
Stray Livestock Fund	1,080	-	1,080	-
Sheriff	284	48,966	48,981	269
Register of Deeds	-	41,320	41,320	-
County Clerk	-	13,478	13,279	199
Clerk of District Court	6,002	282,303	264,170	24,135
<b>Total</b>	<b>\$ 26,920</b>	<b>922,230</b>	<b>904,055</b>	<b>45,095</b>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**1. Summary of Significant Accounting Policies**

The County has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

**A. Financial Reporting Entity**

**Ness County, Kansas**, is a municipal corporation governed by an elected three-member commission. The County receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources. These financial statements present the financial position of **Ness County, Kansas**. The financial statements of the County consist of all funds of the County and governmental entities that are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The County has no entities that are controlled or dependent on the County.

**B. Basis of Presentation - Fund Accounting**

The accounts of the County are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of **Ness County, Kansas** for the year of 2008.

**Governmental Fund Categories**

**General Fund** – reports as the primary fund of the County. This fund is used to account for all financial resources not reported in other funds.

**Special Revenue Funds** - to account for the proceeds of specific revenue sources (other than special assessments to major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

**Proprietary Fund Category**

**Enterprise Funds** – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Categories**

**Agency Funds** - to account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of others.



**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**B. Basis of Presentation - Fund Accounting (cont.)**

**Private Purpose Trust Funds** - to account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**C. Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the statutory basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund and an expenditure would be charged in the fund from which the transfer is made.

The County has approved a resolution that is in compliance with K.S.A. 75-1120 a(c), waiving the requirement for application of generally accepted accounting principles and allowing the County to use the statutory basis of accounting.

**D. Departure from Generally Accepted Accounting Principles in the United States of America**

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**E. Accounting for Capital Assets and Depreciation**

The County does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

**F. Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**F. Budgetary Information (continued)**

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special revenue funds:

Special Highway Improvement Fund, Special Machinery Fund, Pan Flu Fund, Special Bridge Fund, Bioterrorism Fund, 911 Tax Fund, E-911 Tax Fund, Register of Deeds Technology Fund, and Micro Loan Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**G. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds.

**H. Deposits and Investments**

The County follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the summary of cash receipts, cash disbursements and unencumbered cash.

As of December 31, 2008, the County had no investments.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**H. Deposits and Investments (continued)**

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the County is located or in the adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has an investment policy in place that will further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has an investment policy that will further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County has no investments.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County did not use "peak periods" during 2008. Not all deposits were legally secured at December 31, 2008.

At December 31, 2008, the County's carrying amount of deposits was \$8,549,151 and the bank balance was \$8,709,994. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$787,696 was covered by federal depository insurance; \$7,155,032 was collateralized with securities held by the pledging financial institutions' agents in the County's name and \$767,266 was unsecured at December 31, 2008.

**I. Property Tax Calendar**

Property taxes are collected by the County Treasurer. Taxes levied annually on November 1<sup>st</sup> are due one-half by December 20<sup>th</sup> and one-half by May 10<sup>th</sup>. Major property tax payments are received from January through July and are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**J. Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods, are recorded as expenditures during the year of purchase as required by state statutes.

**K. Compensated Absences**

The County's policy regarding vacation is that an employee shall be eligible for vacation upon the completion of six months employment. The number of days of vacation earned is based upon the length of service with the County, using the tables and schedules in the personnel manual. Unused vacation will be forfeited as of December 31 except in extraordinary circumstances approved by the department head. Employees entitled to more than 11 days of vacation time per year are not required to take the additional time prior to December 31. If not taken, the employee is to be paid on the final payroll of the year at a rate equivalent to the daily rate of pay for the vacation days not used.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**K. Compensated Absences (continued)**

Employees of **Ness County, Kansas** earn one day of sick leave per month of employment. An employee may use two days of sick leave each year as personal leave days. If these days are not used they will continue to be included in the accumulating sick leave up to the 60 day maximum. An employee can accumulate 60 days of sick leave which is paid upon normal retirement or permanent disability at the regular rate of pay. The accrued potential sick leave at December 31, 2008 was \$104,543.

**L. Restricted Assets**

These assets consist of cash restricted for Agency Funds.

**M. Defined Benefit Pension Plan**

**Plan Description** – The County contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2008 is 5.93%. The employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were \$107,201, \$88,992, and \$77,265, respectively, equal to the statutory required contributions for each year.

**N. Reimbursements**

The County records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursement as revenue to the fund.

**O. Deferred Compensation Plan**

The County sponsors a deferred compensation under the Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The County is not responsible to make any contributions.

**P. Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the County for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**2. Landfill Closure and Postclosure Costs**

State and federal laws and regulations require that **Ness County, Kansas** place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. The current year expenditures relating to the operation of the landfill are provided in the Solid Waste Fund in the financial statements. The County is not incurring a liability based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The estimate of closure and postclosure care liability at year end would be \$1,050,915. This liability is based on the use of 72.40% of the estimated cost of closure and postclosure care of \$1,451,540 as the remaining estimated capacity of the landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The County expects the landfill to continue to operate indefinitely. Actual costs may be higher due to inflation, changes in technology or in regulations. The County has restricted assets for payment of closure and postclosure care cost.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

**3. Transfers and Payments**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The County's operating transfers and statutory authority for December 31, 2008 were as follows:

From	To	K.S.A. Authorization	2008 Amount
Road and Bridge	Special Machinery	68-141g	150,000
Noxious Weed	Noxious Weed Capital Outlay	2-1318q	10,000
Solid Waste	Solid Waste Postclosure	65-204	10,000

**4. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**5. Risk Management Claims and Judgments**

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The County carries commercial insurance for other risk of loss, including property, general liability, inland marine, automobile, workmen's compensation, linebacker coverage, boiler, employee dishonesty, and theft. The County also carries additional commercial insurance for ambulance, EMT, and professional nurses' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County carries comprehensive collision insurance on selective items. The County has elected not to provide a reserve for this risk on those items that do not have comprehensive collision insurance.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2008

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**6. Litigation**

The County is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the County.

**7. Comparative Data**

Comparative total data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the County's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make certain statements unduly complex and difficult to read.

**8. Grants and Shared Revenues**

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

**9. Compliance with Kansas Statutes**

The County had unsecured funds in the following banks at December 31, 2008 which is in violation of K.S.A. 9-1402.

First State Bank – Ness City      \$767,266

The County has checks outstanding for more than two years which is in violation of K.S.A. 10-816.

Expenditures exceeded the adopted budget in the following fund which is in violation of K.S.A. 79-2935.

Employee Benefit Fund              \$15,287

The Clerk of the District Court and Sheriffs departments did not complete an inventory listing for 2008 which is in violation of K.S.A. 19-2687.

**10. Micro Loan Fund**

The County was awarded a CDBG Micro Loan grant in the amount of \$100,000. As of December 31, 2008, the County has loaned out \$40,000. Repayment of the loans are structured to be paid back as follows:

<u>Loan Number</u>	<u>Loan Amount</u>	<u>Issue Date</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity</u>
501	\$ 25,000	03-29-07	\$ 376	6.00%	08-01-14
502	\$ 15,000	03-29-07	\$ 400	6.00%	06-01-12

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
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**11. Long-Term Debt**

The County has the following type of Long-Term Debt:

**Lease Obligations**

The County has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

Changes in long-term liabilities for the County at December 31, 2008 and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are included on the next two pages.

**NESS COUNTY, KANSAS**  
 Note 11 - Schedule of Changes in Long-Term Debt  
 For the Year Ended December 31, 2008

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>Amount to be Provided for Compensated Absences</b>										
	N/A	N/A	\$ N/A	N/A	129,806	-	-	(25,263)	104,543	-
<b>Landfill Closure and Post Closure Care</b>										
	N/A	N/A	N/A	N/A	1,037,851	-	-	13,064	1,050,915	-
<b>Capital Leases</b>										
(5) Motor Graders	4.49%	04/18/05	545,953	04/18/09	283,974	-	(140,199)	(140,199)	143,775	11,944
Air Conditioning and Heating System	5.19%	08/21/06	251,382	08/21/10	192,759	-	(60,873)	(60,873)	131,886	10,333
Sheriff's Vehicle	4.84%	04/02/07	22,917	04/02/09	22,916	-	(11,270)	(11,270)	11,646	1,045
Landfill Compactor	5.25%	08/27/07	100,033	08/27/09	100,033	-	(48,845)	(48,845)	51,188	5,151
(2) 2009 Peterbilt Trucks	4.72%	10/20/08	108,791	10/20/10	-	108,791	-	108,791	108,791	-
			1,029,076		599,682	108,791	(261,187)	(152,396)	447,286	28,473
<b>Total Capital Leases</b>			\$ 1,029,076		1,767,339	108,791	(261,187)	(164,595)	1,602,744	28,473
<b>Total Long-Term Debt</b>										



**NESS COUNTY, KANSAS**  
**Note 11 - Schedule of Maturity of Long-Term Debt**  
**For the Year Ended December 31, 2008**

	Year		
	2009	2010	2011
			Total
<b>Principal</b>			
<b>Capital Leases</b>			
(5) Motor Graders	143,775	-	143,775
Air Conditioning and Heating System	64,353	67,533	131,886
Sheriff's Vehicle	11,646	-	11,646
Landfill Compactor	51,188	-	51,188
(2) 2009 Peterbilt Trucks	53,144	55,647	108,791
<b>Total Principal</b>	<b>324,106</b>	<b>123,180</b>	<b>447,286</b>
<b>Interest</b>			
<b>Capital Leases</b>			
(5) Motor Graders	8,367	-	8,367
Air Conditioning and Heating System	6,853	3,673	10,526
Sheriff's Vehicle	669	-	669
Landfill Compactor	2,809	-	2,809
(2) 2009 Peterbilt Trucks	5,133	2,629	7,762
<b>Total Interest</b>	<b>23,831</b>	<b>6,302</b>	<b>30,133</b>
<b>Total Principal and Interest</b>	<b>\$ 347,936</b>	<b>129,482</b>	<b>477,419</b>